

Services of retailer to consumer

Retailer provides goods at right time and place
Provides after sales and customer service
Retailer makes sure that the quality is maintained
Provides credit to customers
Retailer provides quality and variety

Services of retailer to wholesaler

Breaks the bulk of wholesaler's products
Informs about market demand
Retailer does the marketing for wholesaler products

Changes in consumer behaviour

Consumers shop less often
Consumers are looking for convenience
They want all products under one roof
Nowadays the customers want to be well informed
They want the credit facility

Types of retailer

Hypermarkets
Supermarkets
Departmental stores
Multiples
Specialty shops
Independent retailers

Hypermarkets

Stores which do scrambled merchandising
Offers a wide range of products
Very huge stores with parking space
The area of hypermarkets is more than 200,000 square feet
The products offered usually consist of 40% food and 60% general products

Advantages of hypermarket

To retailers

- Economies of scale
- Increased sales due to wide range of products

To consumers

- Great shopping experience
- Great quality wide variety

Disadvantages of hypermarkets

To retailers

- Increased cost of accommodating the wide variety of products
- High start up costs

To consumers

- Transportation problem (they are situated in the outskirts).
- Customized service not provided

Supermarkets

Large self service stores offering grocery items

They are smaller than the hypermarkets

Do not necessarily provide parking

Encourages the customer to do impulsive buying

Advantages of supermarket

To retailer

- They are able to do eye level marketing
- Buy at low prices and transfer it to consumer

To customer

- Products at discounted prices
- Good shopping experience because of attractive display shelves and atmosphere

Disadvantages of supermarkets

To retailer

- High operating costs due to larger space
- High storage costs if the products don't sell

To customer

- No personal service
- Quality of products may be compromised
- Customers are often suspicious and ask, "Are these things fresh?"

Departmental stores

Departmental stores are divided into departments

They are usually situated inside the city

Offers wide range of products

Advantages of departmental stores

To retailer

- Increased sales

To customer

- Greater variety
- Convenient shopping

Disadvantages of departmental stores

To retailer

- Retailer has to bear high storage costs
- Usually the people with vehicles come to shop

To customer

- A small retail shop provides better customer service than the departmental stores

Multiples

A store having more than 10 branches

The branches are made in the same way

The top management makes the decisions and bottom management implements the decisions

Advantages of multiples

To retailer

- Customer loyalty as customers can recognize the similar stores
- Transfer goods between the stores

To consumer

- Lower price as the owner is able to buy in bulk, and then transfer it to the customer

Disadvantages of multiples

To retailer

- Management problem

To consumer

- May get low quality products

Specialty shops

Small shops selling a product

Provides wide range of the product offered

They are located in the neighborhood

They might also be built in a house

Eg. Shops offering powered glasses and sun-glasses

Advantages of specialty stores

To retailer

- Low start-up costs
- Can charge higher prices

To consumers

- convenient

Disadvantages of specialty stores

To retailer

- Shop lifting
- Sale is of cheap items, so cannot achieve big profits

To consumer

- Consumers have to pay higher prices as speciality stores cannot achieve economies of scale
- Limited variety

Independent retailers

Stores usually run by a sole-trader
Small shops selling a few products
They are located in the neighborhood
They might also be built in a house

Advantages of independent retailers

To retailer:

Low start-up costs
Can charge higher prices

To consumers:

Very convenient. Eg. Customers tend to buy everyday times like milk and eggs from these stores, because they can buy things anytime they want.

Disadvantages of independent retailers

To retailer

- Shop lifting
- Sale is of cheap items, so cannot achieve big profits

To consumer

- Consumers have to pay higher prices as specialty stores cannot achieve economies of scale
- Limited variety

Selling techniques

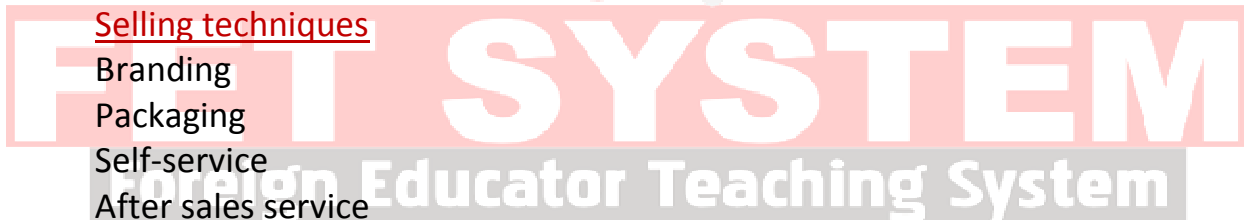
Branding

Packaging

Self-service

After sales service

Loyalty cards



Branding

To put a name or logo which is identifiable by the people. eg. Coke, Nike and Dell

Have you ever considered what are you doing by wearing a branded t-shirt with a logo on it?

You are emphasizing the power of the logo (branding), and doing free marketing for the company after buying the shirt

They charge you for the shirt and then you advertise their brand for free.

Packaging

Covering a product with a material

Reasons for packaging

- Making the product attractive
- Making it safe
- Providing information

Self-service

The customers buy the products by themselves without being assisted by other people

It gives the customer the liberty to explore the place, and buy things when they feel like

After sales service

Services provided after the sales is made

Common examples

- Fitting
- Installation
- Activation
- Reparation

Loyalty cards

Made of plastic and is also called rewards card (has the name of customer and stores)

Issued by the large stores to encourage buyers to return to the same store

On each sale points are awarded to the loyalty card holder

Some people even feel important and proud by having these cards

Trends in retailing

Bar-coding

EPOS

Shopping centres

Bar coding

Parallel lines on the product which tell about the price of the product

A scanner is used to do the bar coding

EPOS

- Electronic point of sales

Shopping centres

A large building providing almost everything under one roof:

Features

- Shops
- Parking lots
- Cafeteria or food courts
- Cinemas
- Departmental stores

Implications of E-commerce on retailing

People mostly in North America and Europe like to shop through the internet

Shop owners can determine the trend

Wide variety for the buyer

Decreased costs for the seller as he/she does not have to pay storage costs

Home shopping

Mail order

Telesales

Television shopping

Online shopping (e-tailing)

Mail order

Businesses sell their products by sending catalogues to people houses

Reasons for existence:

People who don't want to travel buy the products from mail order

Telesales

Ordering or buying products using the telephone is called telesales

- Eg. Phone companies selling phones with packages, very common in Canada
- Buying food by calling.

Reasons for existence:

Convenient, if one kind of product is ordered

Television shopping

There are ads or long video demonstrations which show the uses of the product:

They tell:

- The price
- Number to call
- Benefits
- Offers

Online shopping

Buying products and services through the internet

Payment is made by the credit cards

Reason for existence:

Convenient

The buyer does not have to go out of house to shop

Advantages and disadvantages of large scale retailing for wholesaler

Advantages

- Increased sales
- Buy in bulk

Disadvantages

- High storage costs
- Large capital employed

Advantages and disadvantages of large scale retailing for retailers

Advantages

- Retailer can buy products in bulk and achieve economies of scale
- Buy products whenever they want
- Storage is provided by wholesaler

Disadvantages

- High operational costs

Advantages and disadvantages of large scale retailing for consumer

Advantages

- Lower price
- Excellent atmosphere
- Wide variety

Disadvantages

- Poor customer service
- Not catering to specific demands

Reasons for survival of small scale retailers

Personal service

- They owners provide personal assistance

Opening hours

- They are opened for longer hours

Additional services

- Provide credit
- Some might do home delivery

